GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:797
ANSWERED ON:17.08.2007
LOAN TO COMMERCIAL REAL ESTATE SECTOR
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Will the Minister of FINANCE be pleased to state:

(a) the amount and percentage of non-agro loans; in comparison to loans given in commercia real estate sector;

(b) whether the: amount of loans being sanctioned for commercial real estate has increased enormousl) in the first three months of the current year;

(c) if so, the extent of this increase;

(d) whether the Reserve Bank of India (RBI) has expressed its concern on this increase; and

(e) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) : As per repent of Reserve Bank of India (RBI), total outstanding non-food gross bank credit, non-agricultural loans and loans to real estate sector as on May 2007 are as under:

(Rs.Crore)
Outstanding as on May 2007

Total Non-food Gross Credit	17,52,349(100)
Non-agricultural Loan	15,30,307(87.3)
Of which, Real Estate Loans	46,295(2.6)

Note : 1. Data are provisional and relate to select Scheduled Commercial Banks.
2. Figures in parentheses provide the share in total non-food gross bank credit.

(b) & (c): As per information received from RBI in this regard, the loans outstanding for the commercial real estate sector have increased by 8.3 per cent between March 2007 and June 2007.

(d) & (e) : In the Third Quarter Review of the Animal Statement on Monetary Policy of RBI for 2006-07, it was observed that the continued high credit growth in real estate sector, outstanding credit card receivable, loans and advances qualifying as capital market exposure and personal loins is matter of concern. Therefore, it became imperative to increase the provisioning requirement with respect to standard assets in the aforesaid four categories of loans and advances (excluding residential housing loans) by two per cent from the existing level of one pei cent, in order to ensure that asset quality is maintained in the light of high credit growth.